



# Department of Justice

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## **TWO INDIVIDUALS CHARGED IN \$16 MILLION SCHEME TO DEFRAUD THE EXPORT-IMPORT BANK OF THE UNITED STATES**

WASHINGTON – Two men from the Philippines have been charged in connection with a \$16 million scheme to defraud the Export-Import Bank of the United States (the Ex-Im Bank), Assistant Attorney General Alice S. Fisher of the Criminal Division and United States Attorney Jeffrey A. Taylor of the U.S. Attorney's Office for the District of Columbia announced today.

Earlier today, a federal grand jury in the District of Columbia returned a 14-count indictment against Nelson L. Ti, 45, and Jose Tirona, a/k/a Joey Tirona, 54, both from Manila, Philippines. The indictment charges that Ti brokered approximately \$16 million worth of fraudulent loan transactions between companies located in the Philippines and U.S. lending banks, in which the Ex-Im Bank acted as guarantor or insurer.

The Ex-Im Bank, an independent agency of the United States, is the official export credit agency of the United States and issues loan guaranties and insurance to U.S. banks on behalf of creditworthy foreign companies for the purpose of purchasing U.S. goods. Once the Ex-Im Bank issues a loan guarantee or insurance policy, if the foreign borrower defaults on its loan repayments to a lending bank, the Ex-Im Bank pays the amount of the outstanding loan to the lending bank.

According to the indictment, Ti identified companies in the Philippines that wanted to borrow money to purchase U.S. goods and lending banks in the United States that would lend money for the purpose of buying U.S. goods. Ti then assisted the borrowers in executing loan agreements with the lending banks and in obtaining loan guarantees or insurance policies from the Ex-Im Bank as part of the loan agreements. The indictment alleges that Ti recruited U.S. exporters – including Tirona and David Villongco – for the purpose of purchasing U.S. goods and shipping those goods to the Philippine borrowers, and then instructed the exporters to prepare false shipping documents and submit those false documents to the lending banks to make it appear that they had purchased and shipped goods. The indictment alleges that the exporters did not purchase the goods called for in the loan agreements, and instead misappropriated a majority of the loan proceeds and sent large portions of those proceeds to bank accounts owned and controlled by Ti and other foreign bank accounts as directed by Ti.

The indictment further alleges that Tirona assisted Ti by, among other things, using bank accounts that he controlled to misappropriate loan proceeds and to transfer the proceeds to Ti and other foreign bank accounts as directed by Ti.

Ti and Tirona have been charged with one count of conspiracy to defraud the United States and to commit offenses against the United States; three counts of submitting false statements to the Ex-Im Bank; three counts of mail fraud; six counts of money laundering; and one count of obstructing a proceeding before a department and agency of the United States. Ti

and Tirona face a maximum sentence of five years in prison on the conspiracy charge; five years in prison on each of the false statement charges; 30 years in prison on each of the mail fraud charges; 10 years in prison on each of the money laundering charges; and five years in prison on the obstruction charge. The indictment also seeks forfeiture from Ti and Tirona of the misappropriated loan proceeds.

Villongco, 51, of San Mateo, Calif., an alleged co-conspirator of Ti and Tirona, entered a plea of guilty on March 16, 2007, in U.S. District Court for the District of Columbia before the Honorable Richard W. Roberts, to a two-count information charging him with conspiracy to defraud the government with respect to claims and mail fraud. As part of his plea agreement, Villongco agreed to forfeit \$150,000 to the U.S. government.

Several other individuals have been charged in or have pleaded guilty to related schemes to defraud the Ex-Im Bank. For example, Marilyn G. Ong, 51, and her nephew, Ildefonso Ong, Jr., 43, both from Manila, were charged in a 19-count indictment returned by a federal grand jury in the District of Columbia on Oct. 4, 2007, with participating in a scheme involving approximately \$40 million worth of fraudulent loan transactions between companies located in the Philippines and U.S. lending banks, in which the Ex-Im Bank acted as guarantor or insurer.

The criminal investigation into potentially fraudulent loans at the Ex-Im Bank was initiated by the Ex-Im Bank submitting a criminal referral to the Department of Justice. These cases are being investigated by the United States Postal Inspection Service's Los Angeles Division and the Federal Bureau of Investigation's Washington Field Office. The cases are being prosecuted by Trial Attorney Hank Bond Walther of the Fraud Section, Criminal Division, U.S. Department of Justice, Washington, D.C., and Laurel Loomis Rimón and Michael K. Atkinson, Assistant United States Attorneys, United States Attorney's Office for the District of Columbia.

An indictment contains only allegations and defendants are innocent unless and until proven guilty.

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